



January 2006

Minutes of December 15 Meeting - Draft

HECB Members Present

Mr. Bob Craves, chair
Ms. Roberta Greene, vice chair
Ms. Ethelda Burke
Mr. Gene Colin
Mr. Bill Grinstein
Mr. Jesus Hernandez, secretary
Mr. Lance Kissler
Sen. Betti Sheldon
Dr. Sam Smith
Mr. Mike Worthy

Welcome

Bob Craves, chair, welcomed those in attendance to the University of Washington Tacoma campus.

Craves introduced Dr. Patricia Spakes, chancellor of UWT. Spakes welcomed the board and provided a history of the campus, which began operation in 1990. UWT is one of the state's four research university branch campuses, which are designed to expand access for students in their regions. The campus now offers more than 30 concentrations and degrees. Spakes expects enrollment growth of 5,000-6,000 FTE by the year 2012.

Minutes of October Meeting

ACTION: Bill Grinstein moved to approve the minutes of the October meeting. Jesus Hernandez seconded the motion, which passed unanimously.

Executive Policy Committee Report

Federal Advisory Committee on Student Financial Assistance

Nicole Barry and Erin Renner of the federal Advisory Committee on Student Financial Assistance provided information on the committee's structure, purpose, and goals.

The committee was created in 1986 as an independent body and advises Congress and the federal secretary of education on financial aid policy. Its main purpose is to advise Congress on how to increase access and persistence for low- and moderate-income students, focusing on financial barriers these students encounter. The federal Higher Education Act (HEA), which is currently pending reauthorization, is the focus of many of the committee's activities.

Barry provided key findings from the committee's publication *Empty Promises*, explaining the relationship between low family income and college attendance and graduation. Renner said the committee has recommended that Congress expand access and degree attainment by creating partnerships between the federal government, states, colleges and private philanthropic groups. The committee also recommends simplifying the entire student financial aid process.

The committee has proposed replacing the Special Leveraging Educational Assistance Program (SLEAP) with a new program called Grants for Access and Persistence (GAP). GAP would provide a higher matching ratio of federal funding to state funding than do the current programs. Renner said GAP is currently included in the Senate version of the Higher Education Reauthorization Act, but not in the House version. Meanwhile, President Bush has recommended eliminating funding for SLEAP, reasoning that states already fund these grant aid programs well, but Congress has so far preserved that funding.

Jesus Hernandez inquired about the alignment of family income, types of jobs, high-demand programs and loan forgiveness funding. Barry said loan forgiveness programs typically help students who are already on a career path. These students tend to earn their degrees regardless of economic incentives. She said funds for these special programs are often taken from need grants, which help a broader spectrum of students.

Sam Smith inquired if there is a correlation between ethnicity and access. Barry explained that the committee has not seen the need to break down the data by race because there is a correlation between income and ethnicity, and studies have shown that family income affects participation.

Hernandez asked if the committee intentionally focuses on low-income student access to baccalaureate institutions rather than community and technical colleges, and if so, why? Barry said that while the committee seeks to ensure student access is not limited to the four-year public universities, it views baccalaureate institutions as the nation's benchmark of access to higher education. She said community colleges provide an excellent education, but that a baccalaureate degree provides more economic benefit for students.

Lance Kissler asked if the committee has considered the high-tuition, high financial aid model. Barry said the advisory committee has never taken an official position on that approach. However, she added the key issue for low- and middle-income students is having an affordable *net* price when tuition and aid are calculated. She said the high-tuition, high-aid model runs the risk of increasing the negative effect of "sticker shock" if students don't receive early assurances of adequate grant aid.

Strategic Master Plan Implementation

Executive Director Jim Sulton reported on the implementation of the 2004 Strategic Master Plan for Higher Education. He described developments in the various strategies to advance the two primary goals of the master plan: (1) to increase the number of students who earn college degrees, and (2) to improve the responsiveness of the higher education system to the state's economic needs.

HECB 2006 Legislative Priorities

Bruce Botka, HECB director of government relations and policy, presented an overview of the board's priorities for the 2006 legislative session, which will begin January 9. The regular session will last a maximum of 60 days.

The legislative priorities reflect three major influences: (1) the agency's 2006 supplemental budget requests; (2) the board's recent statewide and regional needs assessment; and (3) the institutions' supplemental operating and capital budget requests.

All of the board's legislative priorities directly support the goals of the 2004 master plan by:

- Increasing student enrollments to help more students earn degrees;
- Increasing the number of degrees in high-demand fields;
- Promoting opportunity through student financial assistance;
- Reducing barriers for non-traditional students, such as working adults; and
- Improving data collection and institutional accountability.

Grinstein asked if previous enrollment increases were covered by tuition increases, and if they were funded on a marginal cost basis. Botka said the state has largely abandoned the past practice of providing "marginal" funding – rather than full funding – to support new enrollments. Also, he said recent high-demand enrollment allocations have been substantially more than the average rate, which has allowed the HECB and institutions to expand and create new programs that cost significantly more than the average.

Roberta Greene asked Botka to discuss high-demand fields and how to acquire additional funding with future budget requests. Botka said the legislature's priority for funding enrollments during the 2005 session was focused on the expansion of branch campuses. The needs assessment approved by the HECB pinpoints shortages by regions and by academic fields, which is why the board is urging reinstatement of the high-demand enrollment program, which targets new enrollments by program and by region.

In the event that the budget discussion scheduled later in the day would lead to conclusions different from the legislative priorities, Grinstein requested that the legislative priorities be revised, if necessary, to reflect any changes stemming from the board's budget discussion later in the meeting.

ACTION: Bill Grinstein moved to approve the board's legislative priorities for 2006 (Res. 05-21). Sam Smith seconded the motion, which passed unanimously.

ACTION: **Bill Grinstein** moved to approve two consent agenda items: adoption of the 2007-09 operating and capital budget guidelines (**Res. 05-22**) and adoption of a new degree program at CWU, Bachelor of Applied Science in Food Service Management (**Res. 05-25**). **Jesus Hernandez** seconded the motion, which passed unanimously.

Director's Report

Skagit, Island, and Snohomish Counties Study

Jim Sulton provided information on the Skagit, Island, and Snohomish (SIS) counties needs assessment, which began in the summer of 2005. Staff are considering different models for higher education expansion in the region, including possible development of a research university, polytechnic university, liberal arts college, or regional comprehensive institution, among others. An interim report on the project will be reviewed by the board at the January 2006 meeting, and the project is scheduled to be completed by the end of 2006.

Craves inquired if the project would put another four-year institution in the region. Sulton said some people favor creation of a new university, but he emphasized that the legislature and governor specifically directed the HECB to empirically assess the higher educational needs in the area *before* developing specific recommendations. To that end, staff are working with consulting firms, a local advisory committee, and a project coordination team to study demographic trends that will affect future higher education needs. Following the needs assessment, the staff, the advisory committee and the project team will consider a variety of enrollment strategies. Town hall meetings have been conducted in each of the three counties, and additional public forums will be scheduled in the spring.

Diversity Report

Jim Sulton shared with the board a presentation on diversity that he recently made to the House Higher Education Committee. Staff will discuss a prospective report at the board's January meeting and expects to complete the report in the spring. The report will focus on three areas of minority participation: students, faculty and staff, and the overall campus environment for students of color.

College Readiness

The HECB received an appropriation of \$600,000 from the legislature to define standards of college readiness for students in English and science. Ricardo Sanchez, associate director, has assembled two expert review teams and a project coordination team to begin developing the definitions. In addition, the HECB is participating in the Transition Math Project, a multi-organization initiative to develop college readiness standards in math.

Financial Aid Committee Report

The Scholarship Coalition

Jesus Hernandez, chair of the board's financial aid committee, opened the discussion and introduced John Klacik, director of student financial assistance. Klacik provided an overview of the Scholarship Coalition, a group of Washington organizations that share an interest in coordinating information about scholarships for students.

The coalition has been working on ways to improve access to students through private scholarships, and to provide donors a vehicle to reach a wide audience of potential applicants. As a result, the coalition is considering establishing a scholarship clearinghouse and recommending that the HECB play a role in developing the service.

The coalition's work was also discussed in a presentation by Becki Collins, vice president for administration of the Pierce (Community) College District, and Danette Knudson, executive director of the Northwest Education Loan Association (NELA). Collins said a clearinghouse would show the broad array of scholarships available to students in the state and would feature a single application for students. Marketing would be undertaken jointly by coalition participants.

Coalition members have agreed that the HECB would be well-suited to administer the scholarship clearinghouse. Collins, former director of financial aid for the HECB, said the board has the administrative experience and infrastructure and the objectivity to successfully administer the program.

Specifically, Collins and Knudson said the coalition is asking the HECB to:

- Continue to participate in the coalition;
- Provide guidance and oversight on development of the clearinghouse;
- Support the coalition's efforts to obtain planning grants;
- Provide office space for project planning;
- Serve as steward of the clearinghouse and the uniform student application;
- Provide information technology support for the clearinghouse data base; and
- Request funding for the clearinghouse in the agency's 2007-09 budget based on the results of project planning efforts.

The coalition will act as an advisory committee, collaborating with outreach and donors.

Grinstein asked if economies of scale or other efficiencies associated with integrating these efforts would be identified and implemented. Klacik acknowledged a cost challenge, and said part of the next phase would be to determine where possible efficiencies may exist.

ACTION: Sam Smith moved to approve continued work with the coalition to determine need, costs, and implementation issues for a scholarship clearinghouse (**Res. 05-26**). **Lance Kissler** seconded the motion, which passed unanimously.

Fiscal Committee Report

2005-07 Higher Education Supplemental Operating Budget Recommendations

Mike Worthy, chair of the fiscal committee, reminded the board that supplemental items are limited to emergent issues, technical corrections, efficiencies, mandatory caseload or workload changes, and changes in capital project scope or purpose. The committee and staff reviewed the budget requests of the institutions, keeping in mind the goals outlined in the 2004 strategic master plan.

Joann Wiszmann, HECB deputy director, reviewed the focus of the 2005-07 supplemental budget recommendations: enrollment increases, quality enhancements, increasing bachelor degree production at branch campuses, increasing enrollments in high-demand fields, improving retention and graduation rates, requests for enhancements, and the Future Teachers Conditional Scholarship and Loan Repayment Program. The total recommended increase is \$23.8 million, 1.4 percent more than the higher education funding in the original 2005-07 budget.

Worthy asked if funding allocated for improving retention rates implied that funding could be used for existing programs that are already under way, or if funds would be available only for new programs. Wiszmann said the institutions could use funds for new or expanded programs. Institutions would be encouraged to develop plans based on their unique circumstances. Accountability would be tied to these new or existing programs, and institutions would be asked to set targets to improve graduation rates within four to six years.

Grinstein asked if this process was truly practical. Wiszmann responded that staff tried to keep it practical by allowing flexibility for the colleges and universities.

Smith asked what criteria institutions must meet. Wiszmann said funding would be linked to performance measures, but there is no blue print that the institutions would be required to follow.

Grinstein asked whether the objective is to increase retention rates or if it is to increase degree production. He recommended setting different objectives to measure retention other than degrees produced. Wiszmann responded that retention and graduate rates are used as proxies, assuming an increase in degrees would be produced.

2005-07 Higher Education Supplemental Capital Budget

Jim Reed, HECB interim director for fiscal policy, reviewed the 2005-07 supplemental capital budget and the fiscal committee's recommendation. The institutions are requesting a total of \$132 million in new capital spending authority. Of this amount, \$42 million would come from the sale of state general obligation bonds. The remaining \$90 million would come from local revenue bonds (also known as certificates of participation) or other non-state fund sources. Reed said the availability of general obligation bonds is not unlimited; bonding is constrained by constitutional provisions and by state law.

The board recommends that the governor and legislature support funding of \$14.1 million for the supplemental project requests that fall within the traditional criteria for supplemental budget funding. The board also recognizes that other supplemental requests, totaling \$118 million have significant merit and deserve consideration by the governor and legislature.

ACTION: Mike Worthy moved to direct the supplemental operating and capital budget recommendations presented to be forwarded on to the legislature (**Res. 05-23**). Roberta Greene seconded the motion, which passed unanimously.

Education Committee Report

Education Committee chair Sam Smith introduced the next three items for discussion.

Accountability Update

Chris Thompson, HECB associate director, presented an update on a statewide effort to establish a monitoring and reporting system to make progress towards long-term performance goals as outlined in House Bill 3103, enacted in 2004. In a recent meeting with the House Higher Education Committee, Thompson said members wondered why the targets weren't more ambitious. Board members shared the same concerns.

Smith noted that some of the figures were missing, i.e., targets for associate degree production for the 06-07 academic year. He asked if the accountability project is just a waste of time without those figures. Sulton pointed out that targets are set for the four-year sector, and staff are working closely with the community and technical college system to get their numbers. He concurred that without all the numbers filled in, the accountability effort holds little value.

Gene Colin invited the provosts present at the meeting to comment on the best approach for setting performance targets as they relate to accountability standards.

Eastern Washington University Provost Ron Dalla spoke about the challenge of establishing targets as they compare to the calculations of the baseline. Since the baseline is an average of the past three years, having one particularly strong year skews the average upward. However, the institutions have been told they cannot set the performance target below the baseline, which may be altered because of a very productive year within the calculations of the baseline. This creates frustration for the institutions.

Central Washington University Provost David Soltz spoke of the need to settle on the indicators that should be used, and then look at the whole set. For example, the 2004 graduation rate places Washington among the top five states in the country for this measure. Washington's freshman retention rate was 83 percent, up from 80 percent ten years ago. This also places Washington among the top five states. Because we are doing well on some important measures, it makes it even harder to increase the number of degrees further, especially without the resources to do it.

UW provost Fred Campbell expressed the group's frustration at the inconsistency in performance measures required by the legislature, the Office of Financial Management, and the HECB. Smith proposed that a meeting be held among the different organizations involved (institutions, legislature, OFM, the HECB) to establish a common set of target measures. The provosts enthusiastically supported the idea. A representative from the UW faculty suggested that the faculty be invited to this meeting. Craves asked Sulton to organize the meeting as discussed.

Report on Health Care Personnel Shortages Task Force

Madeleine Thompson of the Workforce Training and Education Coordinating Board presented an update on the task force for the health care personnel shortage. The shortage was identified in 2001, and legislation was enacted to form the task force in 2002.

Hernandez asked Thompson to expand on the bottlenecks in education. Thompson said the four-year institutions turned away 75 percent of qualified applicants during the last enrollment period for a variety of reasons: not enough slots available, not enough faculty, or enough clinical sites.

Sulton asked Thompson if the Task Force has made any policy recommendations at the state level to address the imbalance. Thompson replied that the task force recommends providing additional funds to expand programs. There seems to be a disincentive to expand programs because they are relatively expensive compared to other instructional offerings.

Hernandez asked Thompson to expand on topics regarding recruitment, career image, and awareness as an issue. Thompson said there are career pathways in some of the state's high schools, and there is one called the health and human services pathway. Only about half of high schools offer health as part of their health and human services. One of the strategies is to increase the number of schools that include health in that pathway.

Competency –Based Transfer Pilot Project

Due to time constraints, the board deferred this item until the January meeting.

Public Comment

Steve Dupont, vice president for political affairs of the Associated Students of CWU, made comments regarding tuition waivers. Western and Eastern Washington universities are authorized by the state to waive up to 10 and 11 percent of tuition, while CWU is only authorized to waive up to 8 percent. CWU is requesting authority to waive more student tuition and has requested a \$1.3 million increase in the supplemental budget to replace the foregone revenue.

Marjorie Dobracks, director of the nursing program at the UWT, commented on the faculty shortage issue. She said a major factor affecting the faculty shortage is the salary schedule. Many new graduates are going into industry and earning as high a salary as the faculty who are teaching them. She said this is a national problem linked to the aging of the current faculty. The American Association of Colleges of Nursing predicts that within 10 years, half of the faculty in the country will be retired.

The meeting adjourned at 3:45 p.m.